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IN RE

# Supreme Court of the United States

October Term, 1937

No. 1

(No. 337, October Term, 1937, On Rehearing)

General Talking Pictures Corporation

Plaintiff,

vs.

Western Electric Company, Inc., et al.

Defendants.

Copyright, 1937, by Western Electric Company, Inc.

Printed in the United States of America

Rehearing

REPLY BRIEF FOR PETITIONER

Submitted by

Attorney General

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IN THE  
**Supreme Court of the United States**  
October Term, 1938  
No. 1  
(No. 357, October Term, 1937, On Rehearing)

GENERAL TALKING PICTURES CORPORATION,  
*Petitioner,*

*vs.*

WESTERN ELECTRIC COMPANY, INC., ELECTRICAL  
RESEARCH PRODUCTS, INC., and  
AMERICAN TELEPHONE AND TELEGRAPH  
COMPANY,  
*Respondents.*

**REPLY BRIEF FOR PETITIONER.**

Respondents have reprinted, for use on rehearing, Part. of their original brief in this cause. Our reply thereto, substantially as contained in our original reply brief, is appended hereto as an appendix.

Respondents have likewise filed a "Memorandum" on rehearing. To this we make immediate reply.

L  
Apparently respondents' main effort is directed to avoiding the issues presented by the two questions on which the rehearing was ordered. It is asserted (pp. 2-3) that "these questions are not involved in this case" because,

respondents state, the sales of the amplifiers to petitioner were "infringing sales", beyond the scope of the vendor's license and therefore not "under the patents".

In the first place it must be self evident that such assertions do not remove the necessity for considering whether, indeed, as a matter of patent law, and wholly apart from the verbiage of the license agreement between respondents and the Transformer Company, the sales to petitioner were or were not "infringing sales", or "beyond the scope" of the license or "under the patents". Every patent infringement case which has been before this Court, involving attempted restrictions on patented articles in the hands of purchasers was predicated on the charge that the sale was beyond the scope of the license of the seller, and hence an infringement and not a sale under the patents. Yet in each of those cases<sup>1</sup> this Court first considered the validity of the attempted restriction as against *purchasers* from those having a power of sale (restricted though it purported to be) and holding such restrictions invalid *under the patent law*, swept aside the charge that the sales were not under the patents and beyond the scope of the license.

Thus, in *Adams v. Burke* (84 U. S. 453), the territorial assignee's rights were expressly limited to a certain territory. He sold the patented device for use in a different territory,—one in which he had no rights. There, as here, the patentee sued the purchaser, *claiming that the vendor made a prohibited, infringing sale, i. e.* not under the patent. This Court held that the patent law countenances no such prohibitions against patented articles upon their sale, and dismissed the bill against a dissent<sup>2</sup> which advanced precisely the same contention that respondents make here.

<sup>1</sup> See our main brief on rehearing pp. 10-26.

<sup>2</sup> See our main brief on rehearing p. 35.

In the later case of *Hobbie v. Jennison* (149 U. S. 355), the same contention was again made, but this time against the territorial assignee, *the manufacturing vendor himself*. Indeed, as the patentee argued (pp. 359-60), in a vain attempt to weaken the effect of *Adams v. Burke*,—" \* \* \* In the present case the *lawfulness* \* \* \* of the alleged sale \* \* \* is exactly what is contested \* \* \* the claim of the plaintiffs being that such sale and the shipments thereunder expressly for use within the territory of the plaintiffs constituted an invasion upon the rights of the plaintiffs and as against them were unlawful." But this Court held the sale to be valid under the patent on the doctrine of *Adams v. Burke*.

Likewise, in *Keeler v. Standard Folding Bed Company* (157 U. S. 659), an infringement suit against a *déaler*, precisely the same situation was presented and the same contention rejected as against a dissent which viewed the vendor territorial assignees who sold the patented devices to this dealer for use in a territory in which they had no rights, as infringers in making the sales.

Moreover, in all the cases involving attempted restrictions on resale price or use,<sup>4</sup> the same argument was again unsuccessfully made by the respective patentees, namely, that inasmuch as the licensee exceeded the scope of his license, the sale or lease by the licensee, who in each instance had a power of sale, was an infringing sale or lease.

So, in *Bauer v. O'Donnell* (229 U. S. 1), the patentees in their brief argued, as respondents do here, that the retailer, by purchasing with notice, "was bound by such conditions,

<sup>3</sup> Italics ours unless otherwise stated.

<sup>4</sup> *Bauer v. O'Donnell*, 229 U. S. 1; *Straus v. Victor Talking Machine Company*, 243 U. S. 490; *Boston Store v. American Graphophone Company*, 246 U. S. 8; *Motion Picture Patents Company v. Universal Film Manufacturing Company*, 243 U. S. 502.



the conditions being a *limitation* of the grant of a license to sell the package,"<sup>5</sup> and vainly tried to distinguish *Adams v. Burke* and the *Keeler* case on the theory, also advanced by respondents here, that those cases involved unrestricted, unconditional sales, while the *Bauer* case presented express conditions and limitations. Yet this Court refused to consider any such contention, and dismissed the bill on the one ground, expressed in all the other cases upon which we have relied, that the sale of a patented article by one having the power of sale, even though that power is, by agreement, restricted, exhausts the monopoly as to that article in the hands of the purchaser, and forever frees it from the patent.

Similarly, in *Straus v. Victor* (243 U. S. 490), it was charged that the retailer who purchased the patented devices from the distributor-licensees of the patentee, "• • • having covertly obtained possession of the physical thing and the *limited* license to use it without having paid" the required price; had "as a condition precedent acquired *no lawful* right of possession." • • • Here, too, this Court swept this contention aside and decided the question on the ground that a sale of a patented device ends the control of the patent thereon.

Finally, in *Boston Store v. American Graphophone Co.*, 246 U. S. 8; and in *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U. S. 502, patentees were again defeated in their attempts to enforce restrictions on patented articles after their sale. Indeed, in the *Boston Store* case, the patentee argued that "• • • complainants are not relying upon a 'mere notice' attached to the patented articles • • •" but "upon a direct and express restrictive agreement between the patentee, and his immediate licensee—and

<sup>5</sup> P. 6 patentee's brief in Record, 229 U. S. 1.

<sup>6</sup> P. 14 of patentee's brief in Record, 243 U. S. 490.

• • • • • And in the *Motion Picture Patents* case, where the license agreement under which the patented device was made and sold, closely parallel the one at bar, it was also contended by the patent owner that "there was no *unqualified* sale of the patented machine for use without restriction".<sup>2</sup> Yet in both cases this Court brushed aside all questions of restrictive *agreement* on scope of license and decided the cases squarely on the ground that the restrictions sought to be imposed find no recognition in the patent law, whatever might be the remedy in contract.<sup>3</sup>

Thus, it will be seen that there is no merit whatever to respondents' basis for avoidance of the issues here presented; but their effort to do so speaks eloquently of their realization of their inability to sustain the erroneous judgment of the Court of Appeals below on the merits.

As we have stated in our main brief on rehearing, the "fundamental ground" on which all of the cited decisions of this Court has been predicated is that when a sale of a patented article has been made by one having the power to sell, that article is forever outside of the monopoly of the patent regardless of any contractual restriction that might exist on the power to sell. The application of that "fundamental ground" to the present case is obvious. The licensed vendor, American Transformer Company, was unquestionably empowered to make and sell. Although, as a matter of verbiage in its license contract it was empowered to sell only for specifically restricted purposes, *all that it was required to do under the contract was to attach the prescribed notice of restricted license to the apparatus it sold.* It was so understood and the agreement itself so expressly

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<sup>1</sup> P. 48 of patentee's brief in Record, 246 U. S. 8.

<sup>2</sup> P. 22 of patentee's brief in Record, 243 U. S. 502.

<sup>3</sup> *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U. S. 502, 509.

provided.<sup>10</sup> When that was done by the vending licensee, its contractual obligations were completed, *title* passed, and any apparatus sold by the licensee with that notice attached inevitably and unavoidably became sales "under the patents".

## II.

We asserted in our main brief on rehearing<sup>11</sup> that the primary issue in these cases is not *knowledge* or *intention*. The sole question is addressed to the validity of the attempted restriction. If it is invalid under the patent law, the patent law excises the limitation and leaves the purchaser of the article sought to be restricted, free to do with it as he wills. A patentee, therefore, cannot be heard to say that his licensee, who is empowered to make and sell the device, makes an infringing sale, and that the purchaser is a deliberate infringer, when both vendor and vendee and their respective counsel honestly believe, and have every reason to believe, that such attempted restrictions on patented articles after their sale have, for almost a century, been held *invalid* by this Court. We have therefore asserted<sup>12</sup> that as a matter of law it was wholly immaterial whether or not a vendor, licensed to sell by the patent owner, *knew* that the purchaser was going to violate a purported restriction on the use of the patented device in the purchaser's hands, or *intended* that the purchaser should do so. The basis for our assertion was the express state-

<sup>10</sup> In a letter to petitioner, the Transformer Co. wrote: "That is the type of license notice which is placed upon the amplifier and that is the only way which we can sell them" (Vol. II, p. 732, fol. 2195). See also par. 5 of the license agreement (Vol. III, p. 1418, fols. 4253-4254).

<sup>11</sup> Petitioner's Main Brief on Rehearing (pp. 41-43).

<sup>12</sup> See our main brief on rehearing (pp. 10-26).

ment of this Court in *Hobbie v. Jennison*, 149 U. S. 355, 363, that in a case involving these identical issues, *neither knowledge nor intent was material*. Respondents seek to avoid the implication of that decision, and the subsequent decisions of this Court based thereon, by citing (p. 7) a number of cases involving *contributory* infringement where it was held, and quite properly so, that intent is a necessary element of *contributory* infringement. But the case at bar is not one involving contributory infringement. Direct infringement is charged, and the doctrine of the *contributory* infringement cases has not even a remote bearing on the point here at issue.

But respondents proceed from that point to the assertion that not only was there knowledge and intent in the present case, but there was connivance between petitioner and the American Transformer Company as well. It is asserted that the mere fact that both of those concerns consulted counsel—"leaves no room for doubt that both of them were cognizant of every pertinent fact" at the time the amplifiers were sold. This assertion of respondents seems to us to imply that petitioner here contends, or has contended in the Courts below, that it had no knowledge of the restrictive notice. No such contention has ever been made. Petitioner *did* have knowledge of the restrictive notice on the apparatus—in fact that notice was attached to every piece of apparatus sold to petitioner. But petitioner's counsel advised that the restriction attempted by the license notice was invalid and unenforceable, and that this Court had repeatedly so held with respect to attempted restrictions of similar character. Apparently counsel for the American Transformer Company reached the same conclusion for its sales were permitted by its counsel. This, then, is what constituted the basis for respondents' assertions of connivance and infringement.



It seems to us, however, that it is the respondents' knowledge and the respondents' conduct that cannot bear scrutiny. The very tenor of the license agreements they made with the Transformer Company and others for the making and sale of the amplifiers<sup>13</sup> and their conduct with respect to petitioner and the Transformer Company over a period of more than two years during which these sales were being made with full knowledge of respondents,<sup>14</sup> indicate most clearly a desire for extensive royalties by the wider market that comes with sales rather than simple licenses or leases to users; and an intention to rely on the efficacy of "license notice" restrictions alone, as attached to the articles. That is the tenor of the licensors' instructions on inquiry from the Transformer Company, written long before any transactions with petitioner.<sup>15</sup> That furnishes the sole logical and intelligible explanation why respondents, during the two years they concededly knew of the sales being made to petitioner by the Transformer Company, never protested; never returned the royalties they received on these very sales until more than a year after this action was commenced; never sued the Transformer Company for any breach of the license agreement; never cancelled it; and permitted it to run until its natural expiration.<sup>16</sup> If those sales were "outside the scope of its license", as the majority opinion holds, a simple notice of cancellation would have effectually put an end to it.

Yet respondents' final plea is predicated upon the statement that they have received no benefit by way of royalties

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<sup>13</sup> Vol. I, pp. 332-335; Vol. III, pp. 1414-1423.

<sup>14</sup> Vol. III, pp. 1568-1614.

<sup>15</sup> Vol. II, p. 1214, fol. 3642.

<sup>16</sup> Vol. I, pp. 344, 349, 468; Vol. II, p. 1216; Vol. III, pp. 1568-1614.



from the sales made to petitioner (Memor. pp. 8 and 9). We regard this as an audacious statement in view of the fact that it is predicated upon a footnote (p. 9) to the effect that

**"royalties initially paid upon its sales by the Transformer Company were returned to that company by respondent's agent after the identity of the purchaser had been ascertained and were accepted by the Transformer Company".**

Although the facts pertaining to this phase of the case formed Point III of our brief at the main hearing, and on which no rehearing was granted, the utilization of this statement by respondents in support of their contentions now before the Court makes it necessary for us to point out that although the sales to petitioner were continuous from February 1929, until one month before the Transformer Company license expired in August 1931, and were reported by the American Transformer Company quarterly thereafter as required by its license contract, *the royalties were not refunded until December 18, 1930—more than a year after the present suit was filed by respondents.* Indeed, at pages 68-69 of respondents' brief at the main hearing, it is admitted that they knowingly retained the royalties after the suit was filed. These simple facts completely refute the implication from Footnote 8 at the bottom of page 9 of their brief that the royalties initially paid were returned as soon as the identity of the purchaser had been ascertained.

Here, again, the return of the royalties was an afterthought that occurred more than a year after the filing of the suit. Surely, it took respondents a long time to become reconciled to being deprived of the "benefit from the sales by way of royalties".

We believe respondents have brought themselves squarely within the criticism voiced by this Court in the *Keystone Driller Company* case.<sup>11</sup>

"It is a principle in chancery, that he who seeks relief must have acted in good faith. The equitable powers of this Court can never be exerted in behalf of one who has acted fraudulently or who by deceit or any unfair means has gained an advantage. To aid a party in such a case would make this Court the abetter of inequity."

### III.

Respondents, in what we regard as a desperate attempt to bolster their position in this case, next, for the first time in the history of this litigation—for the first time in this or any of the Courts below—seek to convey the idea that the amplifying apparatus, which forms the subject matter of the suit, is *specially* designed so as to be useful *only* with talking motion picture equipment (Brief, p. 6; footnote p. 14). This is an amazing assertion for respondents to make, in view of the fact that it is not only flatly contradicted by the record, but is contrary to every assertion that has been made to the Courts below and to this Court on the prior argument, as well as contrary to the ~~fact~~. We turn to page 194 of Volume I of the Record, to which respondents direct attention in support of their assertion and we find that respondents' expert witness was specifically asked (fol. 580) whether or not the defendant's amplifier could be used for any one of a number of purposes, namely in connection with wireless telephony, wire telephony, public audition systems, and sound systems, to which he answered (fol. 581):

<sup>11</sup> *Keystone Driller Co. v. General Excavating Co.*, 290 U. S. 240, 245, quoting from *Bein v. Heath*, 6 How. 228, 247.

"Broadly speaking, I should think that the propositions may be assented to."

Again, respondents' witness Wilcox (Vice-President of respondent, Electrical Research Products, Inc.) stated (R. p. 500, fol. 1499):

"The Western Electric Company amplifiers were used in public address systems in 1920 in connection with the Harding inaugural. Our company uses its amplifiers for public address systems now. Some of the phonograph companies acquire licenses for electric recording and electric reproducing—the Victor Talking Machine Company and the Columbia Phonograph Company in this country."

Again, Otto S. Schairer (Vice-President of Radio Corporation of America)—one of the companies associated with respondents in the radio patent pool—after enumerating the various "fields" in which his company was interested, including communications from tolls, amateur, experimental and broadcast reception, stated (fol. 1548):

"These things, these vacuum tubes, and the circuits on which we have patents, are useful in various of these fields and applicable to many fields."

Finally, we call attention to the admission in respondents' original brief (and its reprint—p. 8) wherein the statement is made:

"The facts are these. Amplifiers embodying the inventions of the patents here involved are useful in various fields including the *commercial* field of sound recording and reproducing, which embraces talking picture equipment for theaters and the *private* or *home* fields, which embraces radio reception, radio amateur reception and radio *experimental* reception (*italics their's*)."

From this it will be seen that this attempt to convey the idea that the apparatus here involved is not a standard article or commerce which can be used for any one of a number of different purposes for which amplifiers are made, sold and universally used, is an eleventh hour effort, born of desperation and founded on anything but the fact. It is of course true, but in a very limited sense, that some "adaptation" is necessary for any piece of apparatus to use it in any particular environment, just as a suit of clothes must be fitted to its wearer. And it may readily be admitted that when amplifiers are used with talking motion picture equipment, additional equipment, such as a photo-electric cell, a projecting machine, an arc lamp, etc., must be supplied. But these are not additions to the *amplifier* any more than the detector and loud speaker are additions to the same *amplifier* when used in a radio broadcast receiver. The simple fact is—and although this assertion has been made throughout this litigation and has never until now been questioned, and cannot now be successfully questioned—the *amplifiers*, as sold defendant, could have been used, without alteration for any one of the many purposes for which *amplifiers* are universally used. Indeed, in view of the testimony of respondents' own expert, above quoted, it will be readily appreciated why this association has never heretofore been questioned.

#### IV.

Respondents characterize as "fantastic" the few simple illustrations we gave in our main brief of the inevitable consequences of the first decision of this Court in this cause, if allowed to stand. That is indeed a weak answer to a proposition which is otherwise unanswerable. The very fact that it is characterized by respondents as "fantastic"



is sufficient basis to warrant avoiding setting up any doctrine which would stamp with legality what on its face is not only possible but is inevitably probable. On the other hand, we fail to see anything fantastic in the illustrations. The sole purpose of the doctrine respondents are seeking to establish is to permit them to compel the public to purchase identical instruments for different uses. More than that, as frankly admitted by Schairer, the Vice-President of the Radio Corporation of America (R. pp. 515, 516), it is intended to make people in different fields pay enormously higher tribute to the patent for use of the identical apparatus they may purchase. If such a doctrine has the stamp of approval of this Court, the actual putting in force thereof by these respondents either alone or with their associates in the patent pool, will make these so-called "fantastic" illustrations quite mild as compared to what the public will be subjected to in consequence.

Apparently realizing the weakness of their answer to these illustrations, respondents seek to differentiate the illustrations from the situation here presented by pointing out that there were no different "fields" involved in the illustrations, whereas here different "fields" of operations are involved. Wholly aside from the fact that this does not *legally* distinguish between the two situations, it requires but little imagination and no ingenuity to modify the same illustrations to make them identical with the case at bar as to "fields" of operation. Thus, the fountain pen is sold with a notice attached that it is limited only for writing—the literary field—and the owner thereof, if he desires to draw pen and ink pictures—the artistic field—would have to purchase another fountain pen permitting use in that field. Similarly, one who owned an iron sold with a notice attached that it could be used only for ironing shirts, collars, etc.—



the laundry field—would have to acquire an identical iron licensed for use to press trousers—the clothing or tailoring field. Again, an owner of a refrigerator with a notice thereon that it was licensed only for use in preserving foodstuffs—the household field—would be required to buy another refrigerator licensed for such use to preserve medicines—the medical field. As in the illustrations originally given, countless additional illustrations of separate “fields” readily suggest themselves.

## V.

In conclusion, we repeat the comment made in our Petition for Rehearing, that, contrary to the view of respondents as expressed in their brief on rehearing (pp. 11-12), this Court's prior opinion not only is not in “strict accordance with the authorities” as respondents assert, but in truth is wholly contrary to every decision (except for the *Dick* case) this Court has ever had occasion to make with respect to the rights of purchasers of patented articles from one having a power of sale. None of the authorities cited by this Court in support of its prior ruling in this cause, with but one or two minor and irrelevant exceptions, deals with the rights of purchasers of patented devices. Those authorities, including the references to Robinson on Patents, refer only to the relations between patentee and licensee, and the broad reservations of rights permitted to patentees. No clearer picture of this differentiation can be had than by reference to the dissenting opinion in the *Dick* case, where *Mitchell v. Hawley*<sup>18</sup> relied on by this Court in the case at bar, and by the majority in that decision, was distinguished from cases like *Keeler v. Standard Folding*

<sup>18</sup> *Mitchell v. Hawley*, 11 Fed. Cases 883 at 885, aff'd 16 Wall. 544.

*Bed Co.*, and the long line of similar authorities relied on by petitioner, as relating solely to a license where the right conferred by the patentee was merely a right to make and use, *with the right to sell entirely reserved* (224 U. S. 1, 63-64).<sup>19</sup> That right to sell was undeniably granted to the licensee in the case at bar, freeing the amplifiers purchased by petitioner from the restrictive conditions which this Court, until this case, has in such instances always held unenforceable under the patent law.

It is respectfully submitted, therefore, that if the decision remains unaltered it will not only offer to those so disposed an avenue of escape from the prohibitions of the anti-trust laws, but will again unsettle and surround with doubt the question as to the limits of the patent grant with respect to the rights of purchasers of patented articles, which, until this decision, were put at rest by a progressive and consistent series of decisions culminating and reviewed in the *Boston Store* and first *Shoe Machinery* cases.<sup>20</sup> We are confident that no such result was intended, and that, upon the present consideration of the case the judgment of the Court of Appeals for the Second Circuit will be reversed.

Respectfully submitted,

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EPHRAIM BERLINER,  
JOSEPH J. ZEIGER,  
Of Counsel.

<sup>19</sup> The District Court in *Mitchell v. Hawley*, 1 Holmes 42, 44, aff'd by this Court in 16 Wall. 544, held that

"Nothing can be more evident than the purpose expressed in this instrument, to put it out of the power of Bayley to give any title to the machines. The very act of sale was a violation of the contract and an act of infringement." (Italics by the Court.)

<sup>20</sup> *Boston Store v. American Graphophone Co.*, 246 U. S. 8; *United States v. United Shoe Machinery Co.*, 247 U. S. 32. \*

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## APPENDIX

### Reprinted Reply Brief for Petitioner

(In reply to Part I of Respondent's Original Brief,  
reprinted for use on rehearing)

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IN THE  
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October Term, 1937  
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GENERAL TALKING PICTURES CORPORATION,  
*Petitioner,*

v.

WESTERN ELECTRIC COMPANY, INC., ELECC-  
TRICAL RESEARCH PRODUCTS, INC., and  
AMERICAN TELEPHONE AND TELEGRAPH  
COMPANY,

*Respondents.*

**REPLY BRIEF FOR PETITIONER.**

It is asserted by respondents, and repeated throughout their brief, that they are actuated by a desire to benefit the public and to stimulate trade in seeking to enforce "license notice" restrictions against purchasers of articles made and sold under their patents (Resp. brief, pp. 23-25). Indeed, respondents say that the purpose underlying the formation of the patent pool, commonly known as the "Radio Trust" (Petr. brief, p. 4), was "to make fully available to the public the great benefits of the new art. • • •" (Resp. brief, p. 58).

If this somewhat naïve expression of motive by one of the largest industrial monopolies in the world is to be taken

at face value it would seem difficult to explain (1) why respondents were prosecuted in 1930 under the Anti-Trust laws on this very patent pool and, to obtain a dismissal, were compelled to modify the agreement so as to eliminate the exclusive license feature therein (Vol. I, fols. 1556, 1562-1563; Vol. II, pp. 798-799); and (2) why respondents were adjudged to have violated the Anti-Trust laws in connection with their domination of the talking motion picture industry.<sup>1</sup>

In truth, therefore, if deeds control and not protestations of high motive, respondents' sole purpose in annexing "license notice" restrictions to articles made and sold by their licensees (instead of trying the simple method of contracts with purchasers, of which they were well aware and which they utilized on other occasions<sup>2</sup>), must have been to enlarge the field of their recognized commercial monopoly by obtaining, as they hoped, an additional weapon in the guise of an infringement suit under the patent law. This, indeed, being the real aim of respondents,—so obviously subversive of the public interest,—it is not surprising that their brief endeavors, by subdividing its argument under various sub-titles, to becloud the simple issues here presented and to divert the argument to matters with which this case, a patent infringement suit, is not concerned.

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<sup>1</sup> *Stanley Co. of America, Inc. v. American Tel. & Tel. Co., et al*; *General Talking Pictures v. American Tel. & Tel. Co., et al*; *Duovac Radio Corporation v. American Tel. & Tel. Co., et al*; 4 Fed. Supp. 80; on final hearing 18 Fed. Supp. 650. Respondents' assertions with respect to these cases (note 5, p. 60 their brief) are erroneous. On request of their counsel in that litigation the case has now been set for the March Term of the Circuit Court of Appeals for the Third Circuit, and they, as well as the petitioner, are appellants therein.

<sup>2</sup> *Radio Corporation of America v. DeForest Radio & Telegraph Co.*, 97 N. J. Eq. 37 (1925); *infra* p. 11.

We refuse to be drawn into argument on irrelevant issues and adhere to the propositions which are advanced in our main brief: (1) Can the owner of a patent, by *an infringement suit under the patent law*,<sup>2</sup> restrict the use made of a device manufactured under the patent after the device has passed into the hands of a purchaser in the ordinary channels of trade? (2) Can such restriction be effective under the patent law merely by a "license notice" attached to the device sold?

If the answer to either of these questions is—"No"—and that has been the answer of this Court for almost a hundred years—then the "scope" of the license possessed by the manufacturing licensee, to a consideration of which respondents expend their greatest effort, becomes wholly irrelevant to the case. If we read the decisions of this Court correctly, from the standpoint of *infringement*—the remedy here invoked;—once the *power to sell* is given, any such "license notice" restrictions are beyond the pale of the patent monopoly.

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<sup>2</sup> Italics in this brief ours, unless otherwise stated.